

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Decatur-Hamilton Quick Response Unit
Van Buren County
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended June 30, 2004

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Decatur-Hamilton Quick Response Unit
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Decatur-Hamilton Quick Response Unit (the Unit) financial performance provides a narrative overview of the Unit's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Unit's financial statements.

FINANCIAL HIGHLIGHTS

- The Unit's total net assets increased by \$19,050 (13 percent) as a result of this year's activities.
- Of the \$169,573 total net assets reported, \$62,871 is unrestricted, or available to be used at the Unit's discretion.
- The Operating Fund's fund balance at the end of the fiscal year was \$62,871 which represents 50 percent of the actual total Operating Fund expenditures for the current fiscal year.

Overview of the financial statements

The Unit's basic financial statements are comprised of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Unit:

- The statement of net assets and the statement of activities are government-wide financial statements that provide both long-term and short-term information about the Unit's overall financial status.
- The governmental fund balance sheet and statement of revenues, expenditures and changes in fund balance are fund financial statements that tell how general government services, like public safety, were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Because this is the first year of this reporting format, a comparative analysis of the basic financial statements was not practicable. Comparative analyses of the basic financial statements will be made in subsequent years.

Government-wide financial statements

The government-wide financial statements report information about the Unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Unit's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the Unit's net assets and how they have changed. Net assets (the difference between the Unit's assets and liabilities) is one way to measure the Unit's financial health, or position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- Over time, increases or decreases in the Unit's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Unit, you need to consider additional non-financial factors such as changes in the Unit's intergovernmental support and the condition of the Unit's capital assets.

The government-wide financial statements are shown in a single category, since the Unit provides one basic governmental service - emergency response.

Fund financial statements

The fund financial statements provide more detailed information about the Unit's sole fund - not the Unit as a whole. Funds are accounting devices that the Unit uses to keep track of specific sources of funding and spending for particular purposes.

The Unit has one fund, which focuses on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Unit's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explain the relationship between them.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net Assets. Total net assets at the end of the fiscal year were \$169,573, an increase of 13 percent compared to the prior year. Of this total, \$106,702 is invested in capital assets. Consequently, unrestricted net assets were \$62,871, or 37 percent of the total.

Condensed financial information
Net Assets

Current assets	\$ 62,871
Capital assets	<u>145,086</u>
Total assets	<u>207,957</u>
Current liabilities	10,811
Noncurrent assets	<u>27,573</u>
Total liabilities	<u>38,384</u>
Net assets:	
Invested in capital assets, net of related debt	106,702
Unrestricted	<u>62,871</u>
Total net assets	<u>\$ 169,573</u>

Decatur-Hamilton Quick Response Unit
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE (Continued)

Changes in net assets. The Unit's total revenues are \$52,946. Over 87 percent of the Unit's revenues come from intergovernmental support.

Condensed financial information
Changes in Net Assets

Program revenues:	
Intergovernmental support	\$ 45,839
Other	<u>7,107</u>
Total program revenues	<u>52,946</u>
Expenses:	
Health and welfare - ambulance operations	<u>33,896</u>
Increase in net assets	<u>\$ 19,050</u>

Governmental activities

Governmental activities increased the Unit's net assets by \$19,050. Key factors for this increase are as follows:

- Intergovernmental support continues to outstrip operating costs. There has not been a significant increase in demand for services, and operating costs have been stable.

FINANCIAL ANALYSIS OF THE UNIT'S FUND

Governmental fund

As of the end of the current fiscal year, the Unit's sole governmental fund reported a fund balance of \$62,871, a decrease of \$23,167, in comparison with the prior year. This decrease was the net result of a deficiency of other financing sources (\$48,691) over capital outlays (\$99,668) and an excess of intergovernmental support over operating expenditures. The Unit used its beginning of year fund balance to finance the current year decrease of \$23,167.

The entire fund balance at year end is available for spending at the Unit's discretion.

Operating fund budgetary highlights

There were no budget amendments during 2004. Actual revenues were nearly identical to their budgeted amounts, and except for materials and supplies, there were no significant variances between the budgeted and actual expenditures. Such costs are driven by the nature and extent of ambulance run demands and cannot be easily predicted. During the current year, actual materials and supplies expenditures were less than half the anticipated (budgeted) amounts.

Decatur-Hamilton Quick Response Unit
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Operating Fund is the chief operating fund of the Unit. At the end of the fiscal year, unreserved fund balance was \$62,871, which represents 50 percent of the actual total Operating Fund expenditures for the current fiscal year.

Capital assets and debt administration

Capital assets

The Unit's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$145,086 (net of accumulated depreciation). This investment includes various assets including vehicles, emergency response equipment, and building. The increase in the Unit's net investment in capital assets for the current fiscal year was \$80,601.

Major capital asset events during the current fiscal year included the acquisition of a 2004 Ford F-550 4X4 Mini Rescue Vehicle for \$95,000.

More detailed information about the Unit's capital assets is presented in Note 4 of the notes to the basic financial statements.

Debt administration

At the end of the fiscal year, the Unit had total long-term notes outstanding in the amount of \$38,384, which represents an increase of \$38,384. All debt is backed by the full faith and credit of the Unit.

During the year ended June 30, 2004, the Unit increased its long-term debt through the issuance of a \$48,691 equipment acquisition note payable, bank. Decreases in long-term debt included the scheduled repayment on the note, plus additional principal payments of \$5,151.

More detailed information about the Unit's long-term debt is presented in Note 5 of the notes to the basic financial statements.

Economic condition and outlook

The Unit's Operating Fund budget for the next year projects no increase in spending. A stagnant economy and no substantial revenue increase require that the Unit hold the line on conservative expenditure trends.

Contacting the Unit's financial management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Unit's finances and to demonstrate the Unit's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Jim Creagan, Treasurer
Decatur-Hamilton Quick Response
124 Phelps Street
P.O. Box 5
Decatur, MI 49045

Phone: (269) 423-7014

INDEPENDENT AUDITORS' REPORT

Members of the Board Decatur-Hamilton Quick Response Unit

We have audited the accompanying financial statements of the governmental activities and the major fund of Decatur-Hamilton Quick Response Unit, (the Unit) as of June 30, 2004, and for the year then ended, which collectively comprise the Unit's financial statements, as listed in the contents. These financial statements are the responsibility of the Unit's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of Decatur-Hamilton Quick Response Unit as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 7, the Decatur-Hamilton Quick Response Unit has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of July 1, 2003.

The management's discussion and analysis, on pages i - iv, and the budgetary comparison schedule, on pages 10, is not a required part of the basic financial statements of the Decatur-Hamilton Quick Response Unit, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the method of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Siegfried Crandall P.C.

March 31, 2005

BASIC FINANCIAL STATEMENTS

Decatur- Hamilton Quick Response Unit**GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS**

June 30, 2004

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of net assets</u>
ASSETS			
Cash	\$ 62,871	\$ -	\$ 62,871
Capital assets (net)	<u>-</u>	<u>145,086</u>	<u>145,086</u>
Total assets	<u>\$ 62,871</u>	<u>\$ 145,086</u>	<u>\$ 207,957</u>
LIABILITIES			
Note payable:			
Due within one year	\$ -	\$ 10,811	\$ 10,811
Due after one year	<u>-</u>	<u>27,573</u>	<u>27,573</u>
Total liabilities	<u>-</u>	<u>38,384</u>	<u>38,384</u>
FUND BALANCE/NET ASSETS			
Fund balance	<u>62,871</u>	<u>(62,871)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 62,871</u>		
Net assets:			
Investment in capital assets, net of related debt		106,702	106,702
Unrestricted		<u>62,871</u>	<u>62,871</u>
Total net assets		<u>\$ 169,573</u>	<u>\$ 169,573</u>

Operating Fund balance	\$ 62,871
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Amounts reported in the statement of net assets are different because:

Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the fund.	145,086
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Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the fund.	(38,384)
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Net assets of <i>governmental activities</i>	<u>\$ 169,573</u>
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See notes to financial statements

Decatur-Hamilton Quick Response Unit**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/****STATEMENT OF ACTIVITIES**

Year ended June 30, 2004

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of activities</u>
EXPENDITURES/EXPENSES			
Health and welfare - ambulance operations	\$ 18,671	\$ 14,427	\$ 33,098
Capital outlays	95,668	(95,668)	-
Debt service - principal	10,307	(10,307)	-
Debt service - interest	798	-	798
	<u>125,444</u>	<u>(91,548)</u>	<u>33,896</u>
Total expenditures			
PROGRAM REVENUES			
Intergovernmental support:			
Decatur Township	28,566	-	28,566
Hamilton Township	17,273	-	17,273
	<u>45,839</u>	<u>-</u>	<u>45,839</u>
Total intergovernmental support			
Other	7,747	(640)	7,107
	<u>53,586</u>	<u>(640)</u>	<u>52,946</u>
Total program revenues			
DEFICIENCY OF REVENUES OVER EXPENDITURES	(71,858)		
OTHER FINANCING SOURCES			
Proceeds from bank loan	48,691		
	<u>48,691</u>		
CHANGE IN FUND BALANCE	(23,167)	23,167	-
CHANGE IN NET ASSETS		19,050	19,050
FUND BALANCE/NET ASSETS - BEGINNING	86,038	64,485	150,523
FUND BALANCE/NET ASSETS - ENDING	<u>\$ 62,871</u>	<u>\$ 106,702</u>	<u>\$ 169,573</u>
Net change in fund balance			\$ (23,167)

Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays (\$95,668) exceeded both depreciation (\$14,427) and the net book value of assets disposed (640) in the current period.

80,601

Proceeds from bank borrowings are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. This is the amount by which proceeds from issuing debt (\$48,691) exceeded repayments (\$10,307) in the current period.

(38,384)

Change in net assets

\$ 19,050

See notes to financial statements

Decatur-Hamilton Quick Response Unit
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Decatur-Hamilton Quick Response Unit (the Unit) conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Unit. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Unit has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Unit's financial statements. Also, the Unit is not a component unit of any other entity.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all activities of the Unit. Currently, all activities of the Unit are classified as governmental activities, primarily supported by intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Intergovernmental support and other items not properly included among program revenues are reported instead as general revenue.

Financial statements are provided for the sole governmental fund as separate columns in the basic financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues are recognized in the year for which they intended. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Decatur-Hamilton Quick Response Unit
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Unit reports a single major governmental fund, the Operating Fund, which accounts for all financial resources of the Unit.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all intergovernmental support.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash consists of demand deposits and savings accounts.

ii) Capital assets - capital assets, which consists of vehicles, emergency response equipment and building, are reported in the government-wide financial statements. Capital assets are defined by the Unit as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Building and improvements	40 years
Vehicles	15 - 20 years
Emergency response equipment	5 - 15 years

iii) Fund equity - In the fund financial statements, the Operating Fund report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - An annual budget is adopted on a basis consistent with generally accepted accounting principles for the Operating Fund. The budget document presents information by function and line items. The legal level of budgetary control adopted by the governing body is the line item level. Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Decatur-Hamilton Fire Quick Response Unit
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

Deposits are carried at cost and are maintained at various financial institutions in the name of the Unit. Michigan Compiled Laws, Section 129.91, authorizes the Unit to deposit and invest in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Unit's deposits are in accordance with statutory authority. At June 30, 2004, the Unit has deposits with a carrying amount of \$62,871 and a bank balance of \$63,400. The total bank balance is covered by federal depository insurance.

NOTE 4 - CAPITAL ASSETS:

Capital asset activity of the Unit for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Building	\$ 22,500	\$ -	\$ -	\$ 22,500
Vehicles	13,000	95,668	13,000	95,668
Emergency response equipment	<u>58,159</u>	<u>-</u>	<u>800</u>	<u>57,359</u>
Total capital assets being depreciated	<u>93,659</u>	<u>95,668</u>	<u>13,800</u>	<u>175,527</u>
Less accumulated depreciation for:				
Building	3,703	563	-	4,266
Vehicles	13,000	9,567	13,000	9,567
Emergency response equipment	<u>14,971</u>	<u>4,297</u>	<u>160</u>	<u>19,108</u>
Total accumulated depreciation	<u>31,674</u>	<u>14,427</u>	<u>13,160</u>	<u>32,941</u>
Capital assets, net	61,985	81,241	640	142,586
Capital assets not being depreciated - land	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Capital assets, net	<u>\$ 64,485</u>	<u>\$ 81,241</u>	<u>\$ 640</u>	<u>\$ 145,086</u>

NOTE 5 - LONG-TERM DEBT:

The Unit's sole debt issue is the 2004 \$48,691 3.5% equipment acquisition note payable, bank. The note is secured by a rescue vehicle, and calls for a semi-annual payment of \$6,000 in May 2004, 3 annual payments each May, thereafter, of \$12,000, and a final payment in May 2008 of \$11,225. Each payment includes interest. The Unit made additional payments in the current year, reducing the final payment due to \$5,296.

Decatur-Hamilton Quick Response Unit
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - LONG-TERM DEBT (Continued):

A summary of debt activity during the year ended June 30, 2004, is as follows:

Balance, beginning of year	\$ -
Debt issued	48,691
Repayments	<u>(10,307)</u>
Balance, end of year	<u>\$ 38,384</u>

At June 30, 2004, debt service requirements were as follows:

<u>Year ended</u> <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 10,811	\$ 1,189
2006	11,035	965
2007	11,421	579
2008	<u>5,117</u>	<u>179</u>
	<u>\$ 38,384</u>	<u>\$ 2,912</u>

NOTE 6 - CLAIMS ARISING FROM RISKS OF LOSS:

The Unit is exposed to various risks of loss due to general liability, property and casualty, and workers' compensation potential claims. The risks of loss arising from general liability up to \$1,000,000 aggregate, building contents and property damage, and workers' compensation coverage are managed through purchased commercial insurance.

NOTE 7 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective July 1, 2003, the Unit implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets, as of July 1, 2003:

As previously reported - Operating Fund	\$ 86,038
Increase for capital assets, net of accumulated depreciation	<u>64,485</u>
As restated	<u>\$ 150,523</u>

REQUIRED SUPPLEMENTARY INFORMATION

Decatur-Hamilton Quick Response Unit
BUDGETARY COMPARISON SCHEDULE - Operating Fund
Year ended June 30, 2004

	<u>Original (and amended) budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES			
Intergovernmental support:			
Decatur Township	\$ 28,601	\$ 28,566	\$ (35)
Hamilton Township	17,275	17,273	(2)
Total intergovernmental support	45,876	45,839	(37)
Interest and rentals	1,000	798	(202)
Other	5,000	6,949	1,949
Total revenues	51,876	53,586	1,710
EXPENDITURES			
Health and welfare - ambulance operations:			
Materials and services	18,200	7,559	10,641
Utilities	4,000	3,936	64
Insurance	2,600	3,463	(863)
Audit	1,800	1,800	-
Repairs and maintenance:	2,000	921	1,079
Building			
Vehicle	1,000	654	346
Fuel	500	338	162
Total health and welfare	30,100	18,671	11,429
Capital outlays	100,000	95,668	4,332
Debt service:			
Principal	11,200	10,307	893
Interest	800	798	2
Total expenditures	142,100	125,444	16,656
DEFICIENCY OF REVENUES OVER EXPENDITURE	(90,224)	(71,858)	18,366
OTHER FINANCING SOURCES			
Proceed from bank loan	50,000	48,691	(1,309)
CHANGE IN FUND BALANCES	(40,224)	(23,167)	17,057
FUND BALANCES - BEGINNING	86,038	86,038	-
FUND BALANCES - ENDING	\$ 45,814	\$ 62,871	\$ 17,057